

Direct Testimony
of
William R. Johnson

Water Department
Financial Analysis Division
Illinois Commerce Commission

Apple Canyon Utility Company

Docket No. 03-0399

August 28, 2003

1 **WITNESS IDENTIFICATION**

2 **Q. Please state your name, your employer, and your business address.**

3 A. My name is William R. Johnson. I am employed by the Illinois Commerce
4 Commission ("Commission"). My business address is 527 East Capitol Avenue,
5 Springfield, Illinois 62701.
6

7 **Q. How long have you been employed by the Commission?**

8 A. I have been employed by the Commission since September 1, 1994.
9

10 **Q. Please briefly state your qualifications.**

11 A. I received a Bachelor of Arts degree in Economics from Sangamon State
12 University (now University of Illinois at Springfield) in May 1990 and a Master of
13 Arts degree in Economics, also from Sangamon State University, in December
14 1993.
15

16 In September 1994, I was assigned to the Commission's Public Utilities Division
17 as an Economic Analyst for the Rates Department. In that capacity I reviewed
18 and analyzed filings by electric, gas, and water utilities with regard to cost of
19 service and rate design. I made recommendations to the Commission on such
20 filings and participated in docketed proceedings as assigned. In January 2000, I
21 was reassigned to the Water Department of the Financial Analysis Division. My
22 duties include 1) evaluating rate filings; 2) assisting the Consumer Services
23 Division in handling inquiries and complaints, upon request; 3) evaluating

testimony presented by utilities; 4) testifying on behalf of Commission Staff ("Staff") in rate proceedings, applications for certificates, applications for reorganizations, and other formal proceedings which contain water and/or sewer related issues; 5) reviewing and performing cost-of-service studies; and 6) reviewing rate design issues.

Q. Have you previously testified before the Commission?

A. Yes, I have previously testified before the Commission on numerous issues related to my duties.

PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address Apple Canyon Utility Company's ("Apple Canyon" or "Company") filing for a general increase in rates. I will be presenting testimony and exhibits concerning rate design issues. I will also testify to the proposed test year billing units, as well as, proposed miscellaneous tariff issues.

Q. Are you making any recommendations concerning the appropriateness of the total annual revenue requirement for the Company in this proceeding?

A. No, I am not. My testimony is directed toward the review of the proposed tariffs (and underlying support) filed by the Company to recover the revenue requirement deemed appropriate in this proceeding.

47

48 **Q. Please describe how your direct testimony is organized.**

49 A. My direct testimony is arranged into three sections. Section I is a review and
50 discussion of total proforma revenues and test year billing units ending
51 December 31, 2002. Section II addresses Staff's and the Company's rate
52 design proposals, and Section III discusses miscellaneous tariff issues.

53

54 **Q. Have you attached any schedules to your testimony?**

55 A. Yes, I have attached the following schedules:

56

57 Schedule 3.1 – Plant in Service and Operation & Maintenance accounts
58 necessary for performing cost of service study

59 Schedule 3.2 – Company Present and Proposed Rates & Revenues, and
60 Staff Proposed Rates & Revenues

61 Schedule 3.3 – Typical Bill Comparison

62

63 **Q. Please describe Apple Canyon Utility Company.**

64 A. Apple Canyon is a wholly owned subsidiary of Utilities, Inc. ("UI") that owns 24
65 water and wastewater utilities in Illinois. Water Service Corporation ("WSC")
66 manages the operation for all of UI's water and wastewater systems, including
67 Apple Canyon. WSC provides management, administration, engineering,
68 accounting, billing, data processing, and regulatory services for the utility
69 systems. (Ross, Direct Testimony, p. 1)

70

71 Apple Canyon is a recreational lake development located approximately eight
72 miles north of Woodbine in JoDaviess County. Apple Canyon provides water
73 usage service to approximately 735 customers and availability service to
74 approximately 1,951 customers (Ross, Direct Testimony, p. 2).

75

76 **I. TOTAL REVENUES AND TEST YEAR BILLING UNITS**

77 **Q. Did you review the Company's exhibits, workpapers, and data request**
78 **responses concerning proforma revenues?**

79 **A.** Yes, I did.

80

81 **Q. Has the Company identified Miscellaneous Operating Revenues for the test**
82 **year?**

83 **A.** Yes, the Company has identified, in response to Staff data request WRJ 1.05, a
84 total of \$2,288 in Miscellaneous Operating Revenues for the test year. The
85 Company's response identified Miscellaneous Operating Revenues consisting of
86 \$1,445 in Forfeited Discounts, \$450 in New Customer Charges, \$14 in Non-
87 Sufficient Funds ("NSF") Check Charges, and \$379 in Miscellaneous Revenues.
88 However, in response to Staff Data Request WRJ 1.06 the Company identified a
89 dollar amount for late payment charges of \$51.30 that did not seem to be
90 identified in the response to Staff data request WRJ 1.05.

91

92 **Q. Has the Company provided any evidence to explain this discrepancy?**

93 A. Yes, in a phone conversation with Company witness Ross, she stated that
94 forfeited discounts are late payment fees. Therefore, the Forfeited Discount
95 figure of \$1,445 represents the full amount of Late Payment Charges collected
96 by the Company for the test year including the \$51.30.

97
98 **Q. Do you have any adjustments to revenues because of your review?**

99 A. Yes, I have adjusted Miscellaneous Operating Revenues.

100
101 Late payment charges are 1½ % of a customer's total bill. Therefore, if the
102 Company's rates increase, Late Payment Charge revenues will also increase. I
103 adjusted Late Payment Charges to reflect approximately the same number of
104 customers paying their bills after the due date, but at the Company's present and
105 proposed rates and Staff's proposed rates.

106
107 I have also adjusted the NSF Check Charge. As discussed later in my
108 testimony, I propose to increase the NSF Check Charge from \$7 to \$10.

109
110 Additionally, I have adjusted the revenues associated with Outside Meter
111 Readers. As discussed later in my testimony, I propose to include an additional
112 \$80 in Miscellaneous Revenues to account for future outside meter requests.

113
114 Miscellaneous Operating Revenues can be found on ICC Staff Exhibit 3.0,
115 Schedule 3.2.

116

117 **Q. What test year usage levels and billing units is the Company proposing to**
118 **use in this case?**

119 A. The Company is proposing to use year ending December 2002 usage levels and
120 billing units for the test year. (Ross Direct Testimony, p. 2, line 31)

121

122 **Q. Do you have any adjustments to the Company's proposed proforma test**
123 **year usage levels and billing units?**

124 A. No. I have examined the Company's proposed usage levels and billing units and
125 concur with their proposal.

126

127 **II. RATE DESIGN**

128 **Q. Please explain how the Company's proposed charges were determined.**

129 A. The Company stated in response to WRJ 1.10 that once revenues were
130 determined, the regulatory department attempted to devise reasonable base
131 charges based on a percentage of consumption and billing units.

132

133 **Q. Do you agree with the Company's rate design proposal?**

134 A. No. There is no accompanying justification, cost or otherwise.

135

136 **Q. Does this lack of cost support present a problem?**

137 A. Yes. The Commission has a longstanding objective of basing rates on costs.
138 The lack of a cost foundation means that the Company's proposal falls short of
139 this objective.

140

141 **Q. How would Staff normally address the Company's failure to base its**
142 **proposed rates on costs?**

143 A. The normal response would be for Staff to develop an alternative cost of service
144 ("COS") study to use as a foundation for deriving cost-based rates.

145

146 **Q. Is such an approach possible in this proceeding?**

147 A. No, it is not.

148

149 **Q. Please explain.**

150 A. The Company has provided insufficient data to develop such a study. Staff's
151 water COS study requires detailed cost and plant information in order to
152 generate rates that are considered cost based. To secure that information, Staff
153 sent a data request to the Company (WRJ 1.08) that identified specific
154 categories, which would enable Staff to perform a COS study. The Company did
155 respond to Staff's data request by providing information, but the information was
156 not broken down in an appropriate manner.

157

158 For example, the Staff study needs to identify the costs associated with billing in
159 order to determine the appropriate levels of customer charges. To determine that

160 figure, Staff asked the Company to identify the level of Customer Account
161 expenses in response to data request WRJ 1.08. In its response, the Company
162 failed to identify Customer Account expenses. Staff disputes this response, given
163 that the Company incurs expenses such as postage, paper, labor and related
164 costs in maintaining customer accounts. Thus, acceptance of the Company
165 would clearly undermine the accuracy of Staff's cost of service study. Further,
166 there is no support on the record for using an alternative Customer Accounts
167 figure. This lack of data serves to further undermine Staff's effort to develop a
168 cost of service study for the Company.

169
170 Additional questions arise concerning other account data provided by the
171 Company for Staff's cost of service study. The Company identified \$299,623 of
172 Plant in Service costs associated with services. However, it did not attribute any
173 Operation and Maintenance expenses to those services. This unrealistically
174 assumes that a significant component does not require any additional
175 expenditure to be operated or maintained. In addition, no expenses were
176 identified for Transmission and Distribution related supervision, hydrants, and
177 storage. While it is possible that the Company may not have expended costs in
178 some of these categories since the last rate case, the possibility that there were
179 no expenditures in all the categories mentioned is highly unlikely.

180
181 The more likely explanation is that the Company does not have the kind of
182 reliable, specific information necessary to perform a cost of service study. This

conclusion is supported by a phone conversation with Company witness Ross, who indicated that the Company does not keep the detailed type of records Staff needs for its COS study.

Q. Do you have any recommendations to the Commission to improve the quality of the cost data provided by the Company in future rate cases?

A. Yes, I recommend that the Commission direct the Company to provide reliable and accurate data that conforms to the categories of costs presented in ICC Staff Exhibit 3.0, Schedule 3.1. This cost data is essential because it represents the minimum level of cost detail necessary to prepare a cost of service study. Furthermore, in developing this cost data, the Company should be directed to show how all costs incurred on a system-wide basis are allocated to each individual water company.

Q. Do you have any further recommendation to the Commission concerning future UI proceedings?

A. Yes, I recommend that the Commission not limit this directive to Apple Canyon only, but rather require UI to provide more complete, accurate cost data for all future rate cases by any of its Illinois affiliates. Staff has found that cost data problems are not limited to a single utility. Therefore, it is essential that UI be required to adopt a company-wide policy of upgrading its cost information.

Q. Please explain the Company's present rate structure.

206 A. The Company's present rate structure consists of an Availability Charge for all
207 non-metered water customers and a Base monthly facility charge (based on
208 meter size) and a single block Gallonage Charge for metered residential
209 customers.

210

211 **Q. What alternative methodology do you propose to use for the development**
212 **of rates?**

213 A. I propose to apply an across-the-board equal percentage increase to current
214 rates to meet the revenue requirement proposed by Staff witness Hathhorn's
215 revenue requirement.

216

217 **Q. What is the justification for your proposed approach?**

218 A. It is justified by the lack of accurate data to develop a cost-based alternative. As
219 previously noted, the Company has failed to provide the necessary information to
220 develop a cost of service study for this case. Thus, there is no cost foundation
221 for increasing one rate more or less than another. In the absence of such
222 support, the most equitable approach is to increase all rates (Availability, Facility,
223 and Gallonage) on an equal percentage basis, which is my proposal in this case.

224

225 **Q. What specific charges for metered service have you developed based on**
226 **your across-the-board approach?**

227 A. I have developed the set of charges presented in Schedule 3.2. These
228 recommended increases were based on applying an equal percentage increase

to existing charges to produce Staff's proposed revenue requirement net of the revenues produced by miscellaneous charges. For the reasons discussed below in Section III "Miscellaneous Tariff Issues" of my testimony, my miscellaneous operating revenues differ from the miscellaneous operating revenues calculated by the Company.

Q. Did you prepare a typical bill comparison?

A. Yes, I did. It is attached as ICC Staff Exhibit 3.0, Schedule 3.3.

Q. If the Commission determines a revenue requirement other than that recommended by Staff, how do you recommend the rates be adjusted?

A. I recommend that metered rates be adjusted on an equal percentage basis to produce the revenues adopted by the Commission in this proceeding. That would be consistent with Staff's overall rate design approach of raising rates on an equal percentage basis.

III. MISCELLANEOUS TARIFF ISSUES

Q. Did the Company propose changes or updates to its current Rules, Regulations and Conditions of Service tariffs in its initial filing for this case?

A. Yes. The Company has proposed to update its Rules, Regulations, and Conditions of Service tariffs since they have not been updated in more than 12 years. (Ross, Direct Testimony, p. 8)

252

253 **Q. Do you agree with the Company's proposed Rules, Regulations, and**

254 **Conditions of Service tariffs?**

255 A. I have reviewed the tariffs and agree with their content. However, on ILL. C.C.
256 No. 1, Original Sheet No. 26, Section 21 BILLS FOR WATER SERVICE: A. the
257 tariff does not identify whether there will be monthly, bi-monthly, or quarterly
258 billing. Additionally, on Ill. C.C. No. 1, First Revised Sheet No. 3 (Table of
259 Contents) the Company has listed Page rather than Sheet No. on the upper left
260 hand corner when identifying where to look. I propose that the Company include
261 the correct billing period and change the reference from Page to Sheet Number
262 when it files its final tariffs.

263

264 The Company's proposed Rules, Regulations, and Conditions of Service tariffs
265 are identical to those accepted by the Commission in other Utilities, Inc. cases.
266 Specifically, Westlake Utility, Inc. (Docket No. 01-0050), Lake Wildwood Utilities
267 Company (Docket No. 01-0663).

268

269 **Q. What is the Company proposing with regard to its billing cycle?**

270 A. The Company is proposing to move from a quarterly billing cycle to a monthly
271 billing cycle. (Ross, Direct Testimony, pp. 7-8) Company witness Ross stated
272 that a monthly billing cycle will enable the Company to provide better service to
273 the customers. It will permit customers to properly budget for water utility
274 expenses; allow Company representatives to address customer concerns with a

quicker response time; and allow the utility to locate and resolve system problems as customer billing and consumption data will be available monthly as opposed to quarterly. (Ross, Direct Testimony, p. 8)

Q. Do you agree with the Company's proposed move to monthly billing?

A. Yes. This change from a quarterly billing cycle to a monthly billing cycle is beneficial to customers and the quality of their water service. In addition to the Company's listing of proposed benefits, in response to Staff data request WRJ 1.16, the Company gave an estimate of how much a typical bill would increase as a result of the conversion to a monthly billing cycle. According to the Company the estimated cost per customer would be \$0.41 per month. However, no additional employees would be required to handle the increased number of billings. (Ross, Direct Testimony, p. 8) Staff agrees that benefits resulting from the proposed change to the monthly billing cycle justify the minimal additional cost.

Q. Has the Company added any new language to its proposed tariffs?

A. Yes. The Company is proposing to add what they term a "Redistribution" section on their tariffs. (ILL.C.C. No. 1, Fourth Revised Sheet No. 1.1) The language states:

"If, at the request of and for the convenience of the owner of a premises containing more than one dwelling unit, water is furnished to said premises through a single meter for the purpose of redistribution to the several dwelling units served through such single meter, the customer charge set forth on ILL. C.C. No. 1, Sixth Revised Sheet No. 1, shall be multiplied by the number of dwelling units served. The product thereof shall be the Customer Charge for

such premises. "Redistribution" as used herein, is limited strictly to the practice indicated above, and shall not mean resale of water by any customers."

Q. Do you agree with the Company's proposal?

A. No. The language implies that water service is provided through a single meter, which I interpret to mean that one bill is sent to the owner and therefore one customer charge is applied. I question why the customer charge should be multiplied by the number of dwelling units if one bill is sent. The Company incurs no additional costs since only one bill is sent, one meter is installed, and only one service line is installed. In response to WRJ 1.21, which states:

Answer the following questions with respect to proposed ILL. C. C. No. 1, Fifth Revised Sheet No. 1.1, Redistribution:

1. Is more than one bill sent to such premises or is just one bill sent for all units to pay?
2. Since there is only one meter serving the premise does that mean there is only one service line or are there more than one service lines?

The Company responded: "Apple Canyon has not had to bill for redistribution, and therefore, has not addressed this issue."

The Company has not provided information that would lead me to believe that it is necessary to have this language for the Apple Canyon service area.

Q. Is the Company proposing any new miscellaneous charges for the Apple Canyon service area?

A. Yes. The Company is proposing a \$40 outside meter reader charge. (Ill.C.C. No. 1, Fourth Revised Sheet No. 1.1)

330

331 **Q. Who would the \$40 outside meter reader charge apply to?**

332 A. The charge would apply to any current or new customer who requests that an
333 outside meter reader be installed.

334

335 **Q. Do you agree with the Company's proposal?**

336 A. Yes. Staff recognizes that there must be a cost involved with the outside meter
337 reader and currently a \$40 charge for outside meter reading is applicable in
338 Utilities, Inc. Northern Hills Water & Sewer Company. The \$40 costing
339 associated with the Northern Hills Water & Sewer Company was provided to
340 Commission Staff in Docket No. 98-0045 and was approved by the Commission.
341 (Response to Staff data request WRJ 1.11) Additionally, in a conversation with
342 Company witness Ross it was agreed upon that two (2) outside meter reading
343 billing units should be used for the test year in anticipation of outside meter
344 requests. I have incorporated the two outside meter reading amounts (\$80) into
345 Miscellaneous Revenues found on ICC Staff Exhibit 3.0, Schedule 3.2.

346

347 **Q. Are there other miscellaneous charges that you would like to address?**

348 A. Yes. I propose a charge that is consistent to the extent possible with the
349 corresponding miscellaneous charge for other Utilities, Inc. water and
350 wastewater companies participating in the current round of rate proceedings.
351 That proposal is a NSF Check Charge of \$10.

352

Q. Please begin your discussion by explaining your proposed NSF Check Charge of \$10.

A. The Company's current charge is \$7, which has been in effect since 1993 (Company Response to WRJ 1.29). However, as the Company itself recognizes there has been inflation since 1993 and the proposed charge should be adjusted accordingly (Id.). In addition, the Company states it would not object to a uniform NSF check charge across UI operating companies (Id.). The Staff proposed \$10 charge recognizes the impact of inflation since 1993. Further, given that there is currently a \$10 NSF charge in effect for UI's Northern Hills Water & Sewer Company that was approved by the Commission in Docket No. 98-0045, Staff's proposal is more consistent with current Commission practice. Finally, since this same proposal is made for other UI companies, it will advance the goal of uniformity.

Q. Please summarize what your recommendations are in this proceeding.

A. I recommend the following:

1. The Commission order the Company file new Rate, Rules, Regulations and Conditions of Service tariffs within ten (10) days of the Commission order, attached to Company witness Ross' direct testimony, with an effective date of not less than ten (10) business days after the date of filing, for service rendered on and after their effective date, with individual tariff sheets to be corrected within that time period if necessary.

375 2. The Commission order the Company to provide reliable and accurate
376 data that conforms to the categories of costs presented in ICC Staff
377 Exhibit 3.0, Schedule 3.1, and that UI be required to adopt a company-
378 wide policy of upgrading its cost information.

379

380 **Q. Does this conclude your direct testimony?**

381 **A. Yes, it does.**

| | PLANT IN SERVICE |
|-------------------------------|------------------|
| INTANGIBLE PLANT | |
| SOURCE OF SUPPLY | |
| PUMPING PLANT | |
| WATER TREATMENT PLANT | |
| TRANSMISSION AND DISTRIBUTION | |
| Mains | |
| Meters | |
| Services | |
| Hydrants | |
| Storage | |
| GENERAL PLANT | |
| TOTAL PLANT IN SERVICE | |

| | O & M EXPENSES |
|-------------------------------|----------------|
| SOURCE OF SUPPLY | |
| PUMPING EXPENSES | |
| Electrical | |
| Other | |
| WATER TREATMENT EXPENSE | |
| Chemicals | |
| Other | |
| TRANSMISSION AND DISTRIBUTION | |
| Supervision | |
| Mains | |
| Storage/Structures | |
| Hydrants | |
| Meters | |
| Services | |
| Misc, Rents, Other Plant | |
| CUSTOMER ACCOUNTS EXPENSE | |
| Remainder excl. uncol. | |
| SALES EXPENSES | |
| ADMINISTRATIVE AND GENERAL | |
| Uncollectible | |
| SUBTOTAL OPER. & MAIN. | |
| RECONCILIATION | |
| TOTAL OPERATION & MAINTENANCE | |
| Depreciation | |
| Other Taxes | |
| Income Taxes | |
| Utility Operating Income | |
| TOTAL | |

RATE DESIGN ANALYSIS

Apple Canyon Utility Company
Docket No. 03-0399
ICC Staff Exhibit 3.0
Schedule 3.2

| AVAILABILITY | | | | | | | | | | | |
|--|---------|-----------|-----------|------------------|-----------|-----------|--------------|----------------|-----------|-----------|------------|
| Company Present | | | | Company Proposed | | | | Staff Proposed | | | |
| Billing Units | Rate | Revenue | | Billing Units | Rate | Revenue | over Present | Billing Units | Rate | Revenue | % increase |
| 23,370 | \$5.00 | \$116,850 | | 23,370 | \$7.15 | \$167,096 | 43.0% | 23,370 | \$5.61 | \$131,106 | 12.2% |
| SUBTOTAL | | | \$116,850 | | | | \$167,096 | | | | \$131,106 |
| FACILITIES CHARGES | | | | | | | | | | | |
| Residential 5/8" | 8.424 | \$5.00 | \$42,120 | 8.424 | \$13.50 | \$113,724 | 170.0% | 8.424 | \$5.61 | \$47,259 | 12.2% |
| Commercial 5/8" | 72 | \$5.00 | \$360 | 72 | \$13.50 | \$972 | 170.0% | 72 | \$5.61 | \$404 | 12.2% |
| Commercial 3/4" | 0 | \$0.00 | \$0 | 0 | \$0.00 | \$0 | | 0 | \$0.00 | \$0 | |
| Commercial 1" | 30 | \$6.00 | \$180 | 30 | \$17.50 | \$525 | 191.7% | 30 | \$6.74 | \$202 | 12.3% |
| Commercial 1.5" | 24 | \$6.50 | \$156 | 24 | \$19.00 | \$456 | 192.3% | 24 | \$7.30 | \$175 | 12.3% |
| Commercial 2" | 0 | \$7.00 | \$0 | 0 | \$20.00 | \$0 | 185.7% | | \$7.66 | \$0 | 12.3% |
| Commercial 3" | 12 | \$7.50 | \$90 | 12 | \$22.00 | \$264 | 193.3% | 12 | \$8.42 | \$101 | 12.3% |
| Commercial 4" | 0 | \$0.00 | \$0 | 0 | \$0.00 | \$0 | | | \$0.00 | \$0 | |
| Commercial 6" | 0 | \$0.00 | \$0 | 0 | \$0.00 | \$0 | | | \$0.00 | \$0 | |
| SUBTOTAL | | | \$42,906 | | | | \$116,941 | | | | \$48,141 |
| GALLONAGE CHARGES | | | | | | | | | | | |
| Metered | 20112 | \$4.23 | \$86,074 | 20112 | \$5.00 | \$100,560 | 16.2% | 20112 | \$4.75 | \$95,532 | 12.3% |
| Commercial Metered - | 0.00 | \$0.00 | \$0 | 0.00 | | \$0 | | 0.00 | \$0.00 | \$0 | |
| Vacant & Adjustment | | | | | | \$0 | | | | \$0 | |
| SUBTOTAL | | | \$86,074 | | | | \$100,560 | | | | \$95,532 |
| Unreconciled Difference | | | \$0 | | | | \$0 | | | | \$0 |
| SUBTOTAL FACILITIES, GALLONAGE, & AVAILABILITY | | | | | | | | | | | |
| | | \$244,830 | | | \$383,597 | | 56.7% | | \$274,779 | | 12.2% |
| MISCELLANEOUS OPERATING REVENUES | | | | | | | | | | | |
| Late Payment Charge | \$1,445 | 0.0% | \$1,445 | 0.0% | \$1,445 | 0.0% | 0.0% | \$1,618 | 12.0% | \$1,618 | 12.0% |
| New Customer Charge | \$450 | 0.0% | \$450 | 0.0% | \$450 | 0.0% | 0.0% | \$450 | 0.0% | \$450 | 0.0% |
| Miscellaneous Revenues | \$379 | 0.0% | \$379 | 0.0% | \$379 | 0.0% | 0.0% | \$459 | 21.1% | \$459 | 21.1% |
| Uncollectible Accounts | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Reconnection Fee | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Non Sufficient Funds | \$14 | 0.0% | \$14 | 0.0% | \$14 | 0.0% | 0.0% | \$20 | 42.9% | \$20 | 42.9% |
| MISC. OPERATING REVENUES SUBTOTAL | | | \$2,288 | | | | \$2,288 | | | | \$2,547 |
| TOTAL OPERATING REVENUE | | | \$247,118 | | | | \$385,885 | | | | \$277,326 |
| | | | | | | | | | | | 12.2% |

**APPLE CANYON UTILITY COMPANY
TYPICAL RESIDENTIAL BILL COMPARISON**

Docket No. 03-0399
ICC Staff Exhibit 3.0
Schedule 3.3

| LINE NO. | | | CURRENT | COMPANY PROPOSED | STAFF PROPOSED |
|-------------|--|---|---------|---------------------|-------------------|
| 1 | | FACILITIES CHARGE | \$5.00 | \$13.50 | \$5.61 |
| 2 | | GALLONAGE CHARGE (PER 1,000 GALLONS) | \$4.23 | \$5.00 | \$4.75 |

| | USAGE 1,000 GALLONS (A) | CURRENT MONTHLY BILL (B) | COMPANY PROPOSED MONTHLY BILL (C) | DOLLAR INCREASE (D) | PERCENT INCREASE (E) | STAFF PROPOSED MONTHLY BILL (F) | DOLLAR INCREASE (G) | PERCENT INCREASE (H) |
|----|----------------------------------|-----------------------------------|---|---------------------------|----------------------------|---|---------------------------|----------------------------|
| 3 | 1 | \$9.23 | \$18.50 | \$9.27 | 100.4% | \$10.36 | \$1.13 | 12.2% |
| 4* | 2 | \$13.46 | \$23.50 | \$10.04 | 74.6% | \$15.11 | \$1.65 | 12.3% |
| 5 | 3 | \$17.69 | \$28.50 | \$10.81 | 61.1% | \$19.86 | \$2.17 | 12.3% |
| 6 | 6 | \$30.38 | \$43.50 | \$13.12 | 43.2% | \$34.11 | \$3.73 | 12.3% |
| 7 | 9 | \$43.07 | \$58.50 | \$15.43 | 35.8% | \$48.36 | \$5.29 | 12.3% |
| 8 | AVAILABILITY CUSTOMER | \$5.00 | \$7.15 | \$2.15 | 43.0% | \$5.61 | \$0.61 | 12.2% |

Notes:

* Typical monthly residential usage